

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF CALIFORNIA
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4 U.S. ETHERNET INNOVATIONS, LLC,

No. C 10-3724 CW

5 Plaintiff,

ORDER GRANTING
MOTION FOR LEAVE
TO AMEND (Docket
No. 853)

6 v.

7 ACER, Inc., et al.,

8 Defendants.

9 /

10 Plaintiff U.S. Ethernet Innovations, LLC (USEI) moves for
11 leave to amend its infringement contentions. Docket No. 853.
12 Intervenor Defendant Intel opposes USEI's motion. Having
13 considered the papers submitted by the parties, the Court GRANTS
14 USEI's motion for leave to amend.

16 BACKGROUND

17 USEI owns United States Patent Nos. 5,307,459 (the '459
18 patent), 5,434,872 (the '872 patent), 5,732,094 (the '094 patent),
19 and 5,299,313 (the '313 patent). USEI filed this patent
20 infringement suit on October 9, 2009. Docket No. 1. On January
21 29, 2010, on behalf of Defendants who are its customers, Defendant
22 Intervenor Intel filed its motion to intervene. Docket No. 107.

24 On September 9, 2013, USEI moved to amend its infringement
25 contentions to drop a total of nineteen claims and add three
26 claims. First, regarding the '094 patent, USEI proposes to add
27 Claims 47 and 51 and drop eleven claims (Claims 1, 2, 3, 4, 5, 7,
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1 39, 40, 41, 43, and 54). Second, regarding the '459 patent, USEI
2 proposes to add Claim 15 and drop eight claims (Claims 22, 24, 25,
3 26, 27, 31, 32, and 34). Pl's Reply at 1.

4 USEI alleges that it has sought the technical information
5 that forms the basis of its amendments since July 2010, but that
6 it did not receive relevant technical documents until recently.
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8 USEI notes that this Court did not open discovery until January
9 17, 2013, and as a consequence, Intel did not produce documents
10 until March 11, 2013 and its source code until April 12, 2013.
11 Id. USEI further asserts Intel has yet to complete production of
12 relevant technical information, including relevant source code.
13 Id. Intel responds that USEI bases its amendments on information
14 it has possessed since March 2010. Defs.' Opp at 3. Intel
15 asserts that USEI failed to investigate its own information and
16 thus has not met its burden of showing that it has acted
17 diligently. Id. at 9.

DISCUSSION

20 A party may amend its infringement contentions upon a showing
21 of good cause and by order of the Court. Patent L.R. 3-6.
22 Examples of good cause include

1 Patent L.R. 3-6. Good cause requires a showing of diligence. The
2 burden is on the party seeking to amend its contentions "to
3 establish diligence rather than on the opposing party to establish
4 a lack of diligence." O2 Micro Int'l, Ltd. v. Monolithic Power
5 Sys., Inc., 467 F.3d 1355, 1359 (Fed. Cir. 2006). Patent L.R. 3-6
6 "serves to balance the parties' rights to develop new information
7 in discovery along with the need for certainty in legal theories
8 at the start of the case." Apple, Inc. v. Samsung Elecs. Co.,
9 Ltd., 2012 WL 5632618, at *2 (N.D. Cal. 2012) (citing O2 Micro
10 Int'l Ltd., 467 F.3d at 1365-66))

12 The good cause inquiry considers first whether "the party
13 seeking leave to amend acted with diligence in promptly moving to
14 amend when new evidence [was] released." O2 Micro, 467 F.3d at
15 1363. "In considering the party's diligence, the critical
16 question is whether the party 'could have discovered [the new
17 information] earlier had it acted with the requisite diligence.'"
18 Apple, 2012 WL 5632618, at *6 (citing Google, Inc. v. Netlist,
19 2010 WL 1838693, at *2 (N.D. Cal.)). The burden is on the moving
21 party to show diligence. Id. The court should then consider
22 prejudice to the non-moving party. If the court finds that the
23 moving party was not diligent in amending its infringement
24 contentions, it does not need to consider the question of
25 prejudice to the non-moving party. See O2 Micro, 467 F.3d at 1368
26 (affirming the district court's decision refusing leave to amend
27 (affirming the district court's decision refusing leave to amend
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1 upon finding the moving party was not diligent, without
2 considering the question of prejudice to the non-moving party).
3 Even if the movant was arguably not diligent, the court retains
4 discretion to grant leave to amend. Apple, 2012 WL 5632618, at *6
5 (granting leave to amend infringement contentions, even though
6 court found plaintiff failed to establish diligence, because of
7 lack of prejudice to defendant).

8 A. '094 Patent, Claims 47 and 51

9 USEI asserts that it discovered during its initial review of
10 Intel's source code on or around May 29, 2013 that Intel
11 programmed its driver software to optimize automatically the
12 transmit threshold value of the "early transmit" feature. Pl's
13 Reply at 4. USEI proposes adding: 1) dependent Claim 51 ("the
14 step of altering the threshold value . . . using a driver in the
15 host system to process status information, and in response write a
16 new threshold value in [the] register"), and 2) the claim on which
17 it depends, Claim 47. Id. at 4-5. Intel responds that USEI
18 should have known about the transmit threshold optimization
19 feature, as well as the fact that the gigabit products contain the
20 accused early transmit feature. Id. at 7-9. As evidence, Intel
21 points to the fact that its "Gigabit Ethernet Controller Software
22 Developer's Manual" and driver configuration window are publicly
23 available. Id. at 5.

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26 Here, USEI has demonstrated diligence in proposing the
27 amended charges. USEI adequately alleges that it did not obtain
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1 the driver source code until May 29, 2013, and therefore could not
2 have known whether the driver software manipulated the transmit
3 threshold. Pl's Reply at 5. USEI also responds plausibly that
4 the content of the publicly available manual, on its own, could
5 not have provided the information it needed. As USEI points out,
6 the "Gigabit Ethernet Controller Software Developer's Manual" does
7 not mention the "ETT.Txthreshold" value other than a description
8 of the "Transmit Underrun" status field of a descriptor. Pl's
9 Reply at 7. In contrast, the documents that Intel produced during
10 discovery "discuss in great detail" the ETT, including "the
11 description and address location of the ETT register in hardware,
12 the number of bits assigned to the TxThreshold portion of the ETT
13 register, and a detailed explanation of the register's use by the
14 system." Id. It is also plausible that USEI only learned that
15 Intel's gigabit products contain the "early transmit" feature
16 covered by the '094 patent upon its recent deposition of Intel.
17 Id. at 6. Finally, contrary to Intel's charge that USEI should
18 have known of the transmit threshold optimization feature, USEI
19 asserts plausibly that the driver configuration window
20 demonstrates the easy manipulability of Intel's transmit threshold
21 setting. Pl's Reply at 5-6.

22 The proposed additions of Claims 47 and 51 also will not
23 prejudice Defendants. These proposed changes do not add new
24 infringement theories. The additional claim element of driver
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1 software mirrors previous claims and will not significantly affect
2 claim construction.

3 B. '459 Patent, Claim 15

4 USEI seeks to add Claim 15 of the '459 patent. USEI's
5 proposed amendment asserts that the accused instrumentalities
6 include the apparatus of Claim 7, wherein the threshold value is a
7 length-left threshold value. Gann Dec., Ex. C and D. USEI claims
8 that it was diligent because it discovered Intel's infringement of
9 Claim 15 only after analyzing confidential technical information
10 made available by Intel. Pl's Mot. at 8-9. Intel responds that
11 "the information USEI now cites in its proposed new infringement
12 contentions for Claim 15 appears verbatim in its March 5, 2010
13 infringement contentions." Defs.' Opp. at 3-4.

15 Here, Intel is probably correct that USEI was not diligent in
16 proposing its amendment sooner. As Intel notes, the 8255x Open
17 Source Software Developers Manual was publicly available on its
18 website for years and cited by USEI in its Infringement
19 Contentions in 2010. Id. USEI's responses are unconvincing.
20 USEI states vaguely, "While certain technical documents provided a
21 general description of Intel's 'early receive interrupt' feature,
22 further details were needed as to the functionality of that
23 feature as it relates to Claim 15[.]" Pl's Reply at 8. USEI does
24 not state what those details might be. Instead, USEI argues that
25 it was not until USEI's deposition of Intel on June 7, 2013 that
26 it learned "some of the accused products employ this
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1 implementation." Id. USEI does not respond to Intel's charge
2 that the feature was publicly available on Intel's website, nor
3 explain why it failed to propose the changes earlier.

4 Although USEI could have proposed changes earlier, the Court
5 has discretion to consider whether Defendant will suffer
6 prejudice. See Apple, 2012 WL 5632618, at *6 (granting leave to
7 amend infringement contentions, even though court found plaintiff
8 failed to establish diligence, because of lack of prejudice to
9 defendant). Here, given that there is still sufficient time left
10 on the pretrial clock, and that Claim 15 mirrors claims that have
11 already been the subject of claim construction proceedings, it
12 seems unlikely that the proposed amendment will cause prejudice to
13 Defendant.

14 CONCLUSION

15 For the reasons set forth above, this Court GRANTS USEI's
16 motion for leave to amend its infringement contentions. USEI
17 shall file its amended infringement contentions forthwith.
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19 This order terminates Docket No. 853.

20 IT IS SO ORDERED.

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22 Dated: 10/11/2013

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24 CLAUDIA WILKEN
25 United States District Judge
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